# MANITOBA MINIMUM WAGE BOARD

September 28, 2005

The Honourable Nancy Allan
Minister of Labour and Immigration
Room 317 Legislative Building
Winnipeg, Manitoba R3C OV8

Dear Minister:

As required in your March appointment of me as Chairperson of the Minimum Wage Board, I am enclosing our recommendations for minimum wage policy in Manitoba for the next four years. Thank you for extending the deadline for this report in consideration of our anticipated consultations with the Just Income Coalition Inquiry.

The Board examined the relevant factors and issues, consulted with the community and did research we felt was appropriate prior to developing this report. Unfortunately consensus on the recommendations was not achieved. Accordingly, the Chairperson's Report includes as appendices the reports of the Employee and Employer representatives.

Sincerely,

*"original signed by"*

Susan Rogers
Chairperson
Minimum Wage Board 2005

Enclosure

Members of the 2005 Minimum Wage Board

| Employer Representatives: | Employee Representatives: |
|---|---|
| Larry McLennan | John Doyle |
| Bob Sparrow | Joy Santos |

Executive Support: Glenda Segal

614-401 YORK AVENUE, WINNIPEG, MANITOBA R3C 0P8
TELEPHONE: (204) 945-4889 FAX: (204) 948-2085
E-MAIL: mw@gov.mb.ca

# REPORT OF THE CHAIRPERSON OF THE MANITOBA MINIMUM WAGE BOARD SEPTEMBER 30, 2005

## MANDATE OF THE BOARD

The Minimum Wage Board was tasked with developing minimum wage recommendations for Manitoba for the next four years, from 2006 to 2009 inclusive.

The members of the Board, in carrying out their mandate, have included recommendations about related community consultation and decision-making processes for the future. In addition, upon their own initiative, they have commented on certain other provisions relating to minimum wage for Manitobans (See Appendix A – Employee Representatives' Report and Appendix B – Employer Representatives' Report).

## THE PROCESS

The members of the Minimum Wage Board held their first meetings in April and May 2005 to determine the Board's processes for community consultations. At that point, we were in receipt of the 60 written submissions provided to the Minister relative to her own consultation process of just a few months previous, in the fall of 2004 (see Appendix C).

In addition, we had been provided with a great deal of reference material from Statistics Canada and the work of the last two Manitoba Minimum Wage Boards. It was determined that we would enhance our research and consultation through:

1) our attendance at as many as possible of the Just Income Coalition's Low Wage Community Inquiries that were being conducted in May 2005, and

2) notices in various newspapers in Manitoba, as well as a letter from the Chairperson to over 100 stakeholders, announcing: (a) the convening and mandate of the Minimum Wage Board, (b) that submissions were requested from individuals, employees, employers and other interested parties, and (c) that if sufficient interest was shown, arrangements would be made for public hearings to be held for oral presentations (see Appendix D), and

3) consideration of other research including recent reports from Minimum Wage Boards in other jurisdictions, recent related statistical summaries and recent papers from a wide variety of sources (see Appendix E), and

4) individual member consultations with the respective constituencies represented by the employees and employers.

The Chairperson and some of the Minimum Wage Board members attended the three Just Income Coalition's Low Wage Community Inquiries that were held in Winnipeg in early May. The Chairperson has maintained open communication with the Just Income Coalition in an effort to consider its findings in the writing this report. Given the unanticipated delay of the Coalition's own report, it has not been available for this purpose.

As a result of the notices in the newspapers and the stakeholder letter, members of the Minimum Wage Board received 32 written submissions and convened a meeting on June 28, 2005 to hear oral presentations by teleconference (from individuals in Thompson and Melita) and in person (from individuals in Winnipeg and Brandon) (see Appendix F).

## CHAIRPERSON'S OBSERVATIONS

These observations are a summary of those highlights as perceived by the Chairperson in reviewing the research and all of the written submissions, hearing all of the presentations (at both the Low Wage Inquiry hearings and those of the Minimum Wage Board) and in discussing the perspectives of both employers and employees with Board members.

1. ***Common Ground:*** ***There are several principles/points upon which all members of the Minimum Wage Board agree:***

   a) Minimum wage determination is one of the many underpinnings that contribute to the quality of life and health for working Manitobans and their families; it is only one of many determinants in the elimination of poverty. The cost of necessities and utilities, tax on these items, an increase in precarious employment (casual, part-time, contract), lack of jobs, the high cost of post-secondary education and other factors all contribute to the concerns of the working poor. In addition to minimum wage, a combination of strategies are essential to alleviate poverty; increase in personal income tax exemptions, education subsidies and affordable housing and child care are a few of them. While resolutions to the issue of poverty are critical for Manitoba, the sole mandate of this Board was minimum wage policy.

   b) Workforce trends and issues* are increasingly complex and unpredictable; consequently, there is an urgent need for research and monitoring relative to present day and future minimum wage policy changes and the subsequent impact in the Manitoba marketplace. In the current and rapidly changing global, national and provincial environments (politically, economically, socially and technologically), it is difficult if not impossible to anticipate the future by looking at the past.

   c) There needs to be some measure of predictability about making future changes to the minimum wage so that employers can adjust accordingly, especially since raising minimum wage can result in a ripple effect for other employees - an increase in wages for those Manitobans earning more than minimum wage.

---

*Trends and issues such as the:*

*I. Changing demographics of the Manitoba market and its accompanying sociological, attitudinal and economic impacts (increase in immigration, Aboriginal workforce, older workers) and the value younger workers place on work vs. freedom from work,*

*II. Global marketplace and its accompanying increase in competition for attracting industries and labour, even inter-provincially,*

*III. Changing nature of work and available jobs and the accompanying training, retraining and job design requirements,*

*IV. Impact of technology and the accompanying rate of change impacting jobs and work life, and the*

*V. Changing expectations of both workers and employers and the accompanying need for different conditions of employment such as benefits, length of terms and flexible employment contracts.*

d) There needs to be gradualism about making changes to the minimum wage, that is, increases to the minimum wage ought to be made in reasonably sized amounts, as required, no more than annually. There is a delicate balance between the issues of fairness and the economic health of the Manitoba market. A gradual implementation of a more equitable minimum wage will minimize the negative impact on Manitoba employers and the public's perception of the provincial marketplace as a good place to do business. It may be significant to note that more than 95% of Manitoba businesses are small businesses; small businesses may experience difficulty in accommodating sizeable increases in labour costs.

2. ***The current minimum wage is too low***

Many submissions dealt with the acknowledged poverty line income for a single person as determined by various Canadian statisticians. It became clear, at least to the Chairperson, that a full time employee in Manitoba earning minimum wage was unable to purchase the basic necessities of life and health. While minimum wage policy helps protect Manitoba's most vulnerable and lowest paid workers, it does not enable workers to attain economic independence. Recognizing that other factors need to be addressed to resolve this issue, minimum wage policy ought to provide a greater contribution to the solution.

3. ***Minimum wage increases need to be more aggressive from 2006-2009 than they have been in the past five years***

Many submissions dealt with the changing Manitoban workforce, in particular the exceptional increase in young Aboriginal workers and the need for well paying jobs that offer greater 'hope' for breaking their cycle of despair. Many other submissions emphasized the increasingly difficult challenges that women, single parents and older workers face relative to their health as the very basic cost of living continues to outstrip the increases to minimum wage. Despite the current government's increases of $.25 per year, Manitobans are still feeling the negative effects of there having been a minimal increase in minimum wage from 1992 -1999. The costs of living have increased every year while increasingly more Manitobans have failed to achieve incomes greater than minimum wage. Again, while minimum wage policy is not the single solution to these problems it has a significant part to play.

4. ***Minimum wage increases may be pegged to a reasonable indicator after 2009***

Once the minimum wage has reached a more acceptable level, there are many indicators to which minimum wage increases can be pegged. These include the cost of living (as measured by the Consumer Price Index), the Average Weekly Wage, the Low Income Cutoff (LICO), and other market basket measures. Research and monitoring over the next four years should provide the rationale for and the selection of the appropriate indicator or approach to adjusting minimum wage.

5. ***There is justification for considering Manitoba's position relative to other jurisdictions***

Given the larger economic picture within which Manitoba needs to remain competitive, it is critical that our provincial marketplace is perceived as a good place to do business... to both attract and retain industry and workers. To that end, our minimum wage policy ought to help position Manitoba favourably amongst the other provinces, for both

employers and employees. Our provincial positioning has been in the high to middle of the pack for the last four years, a reasonable accomplishment when one reflects on its placement in the lower end, jurisdictionally speaking, for most of the 1990's. Going forward, care must be taken to ensure that we preserve or slightly improve this relative position (See Appendix G).

## CHAIRPERSON'S COMMENTS ON THE REPORTS OF THE EMPLOYER AND EMPLOYEE BOARD MEMBERS

### Employer Recommendations

*"(1) Provide an incentive to employers to hire entry-level employees into the workforce. Individuals who consistently work less than 24 hours per week would not receive minimum wage increases above the current $7.25 per hour until such time as a reasonable differential is established. Our recommendation would be a 75 cent per hour differential in four years time.*
*Employees who consistently work more than 24 hours per week would participate in any future minimum wage increases. However, an employee would have to work a minimum of 4 consecutive weeks above 24 hours per week or 500 hours total for one employer to move to the higher rate."*

*"(2) That a category of workers who participate in tips be established and that no increase to the current minimum wage would occur for this category. At the conclusion of our four year proposal the base rate for tipped employees would be reviewed to determine if an adjustment to their hourly rate was necessary or appropriate."*

As I mentioned at the front of this report, members of the Board, upon their own initiative, have commented on certain other provisions relating to minimum wage for Manitobans that were excluded from our mandate. However, these types of issues may warrant consideration by a future body charged with ongoing research and monitoring of minimum wage policy.

*"(3) We encourage the Manitoba government to take advantage of the four year plan to honor its commitment to the Manitoba Chamber of Commerce to have the Minimum Wage Review Board:*

- *collect data*
- *conduct research and seek public input as to the core issues in relation to Manitoba's minimum wage, including the definition of poverty, identification of the working poor, analysis of why those individuals are not participating in the advances of the economy, identification of the most effective ways to help them do so*
- *an analysis of the impact of previous minimum wage increases and the value of tax reforms."*

I agree with this recommendation and have commented on it in other sections of this report. Ongoing proactive research is essential to achieve effective decision-making relative to minimum wage policy determination and modification. We cannot rely on the past to predict the future.

## Employee Recommendations

*"Recommendation 1 – The Government of Manitoba should:*

- *Reconstitute this Board, or appoint another Minimum Wage Review Board, and provide it with adequate professional and financial resources to generate a discussion paper.*
- *Circulate the discussion paper throughout Manitoba.*
- *Hold public hearings in centres where sufficient interest is indicated, after an effective advertising campaign to inform people about the discussion paper and hearings.*
- *Accept recommendations from the Board to amend the minimum wage clauses of the Employment Standards Code as of early 2007."*

I agree with the need for ongoing proactive research and a more targeted effective approach to community consultation on minimum wage policy determination and modification. The means I would choose to accomplish this may include the suggestions here but would not be limited by them.

*"Recommendation 2 – The Government of Manitoba should:*

- *Increase the minimum wage in equal stages on an annual basis so that it is equal to 60% of the average weekly wage as it stands on April 1, 2009.*
- *Amend the Employment Standards Code to provide for an automatic adjustment every January 1st so that the minimum wage remains at 60% of the average weekly wage."*

I agree with the principles of gradualism and predictability that are inherent in this recommendation as well as with the need to increase minimum wage and possibly peg it to an indicator. My position is that research into the most appropriate indicator has to take place over the next few years and then possible adjustments to *The Employment Standards Code* could be warranted.

*"Recommendation 3 – The Government of Manitoba should:*
*Repeal the provisions contained in the Employment Standards Code Regulations which exclude the following classes of workers from receiving the minimum wage:*
*An employee who is employed (a) in agriculture, fishing, fur farming or dairy farming; or (b) in the growing of horticultural or market garden products for sale.*
*An employee who is employed in a private family home, paid by a member of the family, and whose employment in the home consists of working as (a) a domestic worker for not more than 24 hours in a week for the same employer; (b) a sitter attending primarily to the needs of a member of the household who is a child; or (c) a companion attending primarily to the needs of a member of the household who is aged, infirm or ill.*
*A salesperson, other than a route salesperson, who is (i) remunerated in whole or in part by commission, and (ii) engaged in soliciting orders, principally outside the employer's place of business, for goods or services to be later delivered or provided to the purchaser."*

As I mentioned at the front of this report, members of the Board, upon their own initiative, have commented on certain other provisions relating to minimum wage for Manitobans that were excluded from our mandate. This issue, however, may warrant consideration by a future body charged with ongoing research and monitoring of minimum wage policy.

## RECOMMENDATIONS OF THE CHAIRPERSON

As Chairperson, the responsibility is mine to reflect on the wisdom we gathered as a Minimum Wage Board, the common ground we share as Board members and the opposing perspectives of the employee and employer reports. And after having done that, the responsibility is mine to present a reasonable position that balances to the best of my abilities, the needs of the workers of Manitoba with the economic health of the province, in an environment that is at best complex and at worst, highly unpredictable.

Consequently, over the next four years it is recommended that the minimum wage in Manitoba be increased according to the following:

| EFFECTIVE DATE | INCREASE/ HOUR | MINIMUM WAGE |
|---|---|---|
| April 1, 2006 | $ .40 | $7.65 |
| April 1, 2007 | $ .40 | $8.05 |
| April 1, 2008 | $ .40 | $8.45 |
| April 1, 2009 | $ .40 | $8.85 |

Further, it is recommended that there be:

a) ongoing **monitoring** of the impact of these changes on employees and employers

b) ongoing **research** to establish criteria against which to peg future minimum wage adjustments or to modify these, and

c) alternate ways explored relative to maximizing public consultation. Pro-active, comprehensive methodologies such as surveys, focus groups and educational forums may provide more effective means of gathering wisdom than the traditional requests for presentations and papers.

## SUMMARY OF MINIMUM WAGE BOARD RECOMMENDATIONS REGARDING THE LEVEL OF THE MINIMUM WAGE 2006 TO 2009

| Recommendation of | 2006 | 2007 | 2008 | 2009 | Total increase over 4 years |
|---|---|---|---|---|---|
| **Employee Representatives**[1] | $7.95 (+70¢) | $8.65 (+70¢) | $9.35 (+70¢) | $10.05 (+70¢) | +$2.80 (38%) |
| **Employer Representatives**[2] | $7.50 (+25¢) | $7.75 (+25¢) | $7.90 (+15¢) | $8.00 (+10¢) | +$0.75 (10%) |
| **Chairperson** | $7.65 (+40¢) | $8.05 (+40¢) | $8.45 (+40¢) | $8.85 (+40¢) | +$1.60 (22%) |

[1] The Employee Representatives propose that by April 1, 2009 the minimum wage reach 60% of the current average weekly wage (AWE) for Manitoba as calculated by Statistics Canada, followed by an automatic adjustment every January 1st to maintain the rate at 60% of AWE. The proposal is for the increases over the four years to be made in equal stages.

[2] The Employer Representatives' proposal for an increase over four years to $8.00 per hour is contingent on the acceptance of their recommendations to maintain the current minimum wage level of $7.25 for those who work less than 24 hours per week and for those workers who receive tips.

## CLOSING COMMENTS

I wish to express my appreciation to the Employer and Employee representatives on the Manitoba Minimum Wage Board for their time and exceptional efforts in addressing this difficult task. I also wish to recognize the invaluable resource this Board had in Glenda Segal; her research and support was excellent.

## Appendix A: Employee Representatives' Report

**Introduction**

The government of Manitoba announced the establishment of the Minimum Wage Review Board on March 2, 2005. It is comprised of two employer representatives, two employee representatives and a Chairperson.

The Review Board was mandated to review the minimum wage schedule and to develop a strategy for directing Manitoba's minimum wage levels in 2006 and beyond. The Review Board was to consult with Manitoba residents and report to the Hon. Nancy Allan, Minister of Labour and Immigration, by September 2005 with recommendations on:

- the appropriate minimum wage level in 2006,
- a strategy for determining minimum wage levels for a period following 2006.

This document represents the report from the Employee Representatives, Joy Santos and John Doyle.

**Current Environment**

Manitoba's minimum wage has been adjusted upwards by $.25/hour every year since 2001; the most recent increment taking effect on April 1, 2005 ($7.25/hour). This regular adjustment represents a marked departure from previous practice when several years could elapse between adjustments. The government of Manitoba deserves commendation for this since the practice has brought steady improvement to the lives of minimum and near-minimum wage earners (near minimum-wage being defined as minimum wage, or less, plus ten percent).

2004 data collected by Statistics Canada on Manitoba's labour force paints a dismal picture when it comes to minimum wage and near-minimum wage earners. The following is selected from a recently released Statistics Canada report:

23,900 Manitoba residents earned minimum wage ($7.00/hour) during the year ending December 2004.

- 56.9% were women and 43.1% were men.
- 61.9% were 24 years or younger
  - 47.7% were between the ages of 15 and 19;
  - 14.2% were between the ages of 20 to 24.
- Half of the minimum wage earners were students.
- 47.3% had less than high school education, 18.8% were high school graduates, 14.2% had some post secondary education and 19.7% had completed post secondary education.
- 42.7% worked full-time and 57.3% worked part-time.
- 59% were sons or daughters living with family; 25.5% were a member of a couple; 5.9% were the head of the family with no spouse present; 9.6% were unattached individuals.
- 30.1% were employed in the accommodation and food services industry and 26.8% in retail trade.
- 55.2% had been in their current job for less than a year; 44.8% had held their current job for more than a year.
- 40.2% were employed in firms with more than 500 employees, 33.9% worked in small businesses with less than 20 workers.
- 92.9% were not covered by a union.

Minimum wage earners worked an average of 27.5 hours per week and earned an average of $8,870 annually. – Manitoba Labour, August 2005

Another 22,000 Manitoba workers earned near-minimum wage (minimum wage plus ten percent, $7.70/hour). Combined with minimum wage earners, the total is 45,900 people.
Their statistical profile was:

- 58.1% were women and 41.9% were men.
- 62.1% were 24 years or younger
  - 44.9% were between the ages of 15 and 19;
  - 17.2% were between the ages of 20 to 24.
- 44.5% were students.
- 43% had less than high school education, 34.1% had some post secondary education, 22.9% were high school graduates, and 18.5% had completed post secondary education.
- 45.6% worked full-time and 54.2% worked part-time.
- 57.3% were sons or daughters living with family; 26% were a member of a couple; 5.3% were the head of the family with no spouse present and 11.7% were unattached individuals.
- 30% were employed in the accommodation and food services industry and 29.5% in retail trade.
- 52.4% had been in their current job for less than a year; 47.3% had held their current job for more than a year.
- 42.5% were employed in firms with more than 500 employees, 30.8% worked in small businesses with less than 20 workers.
- 91.2% were not covered by a union.

Minimum wage and near minimum wage earners worked an average of 28.3 hours per week and earned an average of $10,335 annually. – Manitoba Labour, August 2005

Together, these two groups represent about 10% of the paid workforce in Manitoba.

To put this in context, the Statistics Canada Low-Income Cut-Off for single individuals in Winnipeg in 2004 was $20,337. Life is not easy earning minimum or near-minimum wages.

**Review Board Process**
Traditionally, it has been the practice of Minimum Wage Review Boards to hold public hearings both in Winnipeg and in points outside of Winnipeg, in order to give Manitoba residents the opportunity to meet face to face with the Board and make their views known.

On this occasion, the Board had access to submissions made by Manitobans to the Minister of Labour and Immigration's office last fall, for the period leading up to last April's increase in the Minimum Wage. As well, some but not all of the members of this Board were able to witness public hearings sponsored by the Just Income Coalition (a body made up of community, faith and labour based organizations and individuals) which were held last May in Winnipeg, Thompson and Brandon.

This Board was hobbled by financial resources and short time lines and reluctantly made the decision to not hold formal public hearings, but instead to solicit written submissions and give people the opportunity to meet with the Board on June 28th in Winnipeg by telephone or in person. Seven presentations were heard in this fashion between 9:00 am and noon. Another 29 written submissions were received.

**Process Inadequate**

The consultation process leading to this report was completely inadequate, given the fact that so many working Manitobans are directly affected by the level of the minimum wage and that this Board has been charged to make recommendations covering the four years following 2006. In contrast, the Just Income Coalition heard face to face presentations and teased out a fuller picture by questioning witnesses.

The Review Board should have been given the professional and financial resources to utilize the same consultation model adopted by the government during the recent review of the Manitoba Pension Benefits Act. A discussion paper, complete with research data and detailed public policy options, should have been developed and widely circulated throughout the province. This paper could have formed the basis of an informed dialogue with organizations and individuals in communities across Manitoba, who have an interest in wages and income policies, leading to Review Board recommendations for 2006 and beyond based on quality consultations.

**Recommendation 1 – The Government of Manitoba should:**

- **Reconstitute this Board, or appoint another Minimum Wage Review Board, and provide it with adequate professional and financial resources to generate a discussion paper.**
- **Circulate the discussion paper throughout Manitoba.**
- **Hold public hearings in centres where sufficient interest is indicated, after an effective advertising campaign to inform people about the discussion paper and hearings.**
- **Accept recommendations from the Board to amend the minimum wage clauses of the Employment Standards Code as of early 2007.**

In the meantime, we will make recommendations as per our existing mandate.

**Minimum Wage Level**

The minimum wage is, by definition, the lowest rate of pay possible for paid work. It is not to be reduced for any reason such as working in a job that include gratuities, training period, age, or other considerations – with the possible exception of work done in life skills training environments for persons with disabilities and who receive adequate financial support from other sources, regardless of work done in the training environment.

The majority of those who made written or oral presentations to the Review Board recommended that the minimum wage should be increased. By how much was another question. Some felt a relatively modest increase to $8.00/hour would be fair, but most thought it should rise by more, in varying amounts up to $10.00/hour.

These recommendations were made in the context of poignant anecdotes about the difficulty of life on a low income, usually at a pay rate of under $10.00/hour. This income bracket casts a wide net in Manitoba, according to data amassed by the Canadian Centre for Policy Alternatives. They provide the following profile:

In 2004

- 114,000 Manitoba workers, or almost one in four, earned less than $10.00 an hour
- 85,000, more than one in six, earned less than $9.00
- and 52,000, just over 10%, earned less than $8.00.

- Almost half (48.3 %) of those earning less than $10, and almost 40 % of those earning less than $8, are 25+.
- These numbers suggest that 25% or more of Manitoba's population - those paid the wages and their family members - are affected by low wages.
- In 2004, the minimum wage was adjusted to $7.00. A full-year, full-time worker at this wage would have annual gross earnings of $14,560. The Statistics Canada Low-Income Cut-Off for single individuals in Winnipeg in 2004 was $20,337.
- For an individual to rise above this poverty threshold would have required a minimum wage of $9.78.

Within the ranks of low income earners, there was specific reference to certain groups of workers who have a particularly difficult existence.

**Women**

The Provincial Council of Women prepared a detailed overview of women who are low income earners and presented the Board with the following profile based on data from Statistics Canada:

In 2004

- 23% of all workers earned less than $10.00 an hour.
- Fifty-nine percent of workers earning less than $10.00 were women.
- Thirty-three percent of women workers in Manitoba were single or women with children under 18.
- Just over 50% of single women workers and 25% of women with children earned less than $10.00 per hour.
- Most women are more likely to work part-time, and part-time jobs are more likely to be lower paid.
- Low earnings in the working years translates into poverty as women age.
- Over half of single women over the age of 65 in Manitoba live in poverty.

The plight of women and their children in a low wage environment was expanded upon by Winnipeg Harvest, a noted Winnipeg food bank.
It described the situation in the following manner:

- Minimum wage earners have seen their real wages decline by more than 20% since 1976.
- Single parent, minimum wage earners in Manitoba, now remain among the poorest of all families in Canada.
- Women make up two thirds of these workers and the burden of poverty falls particularly heavily on single women and single mothers, who are often faced with "pay the rent or feed the kids" and report routinely missing meals in order to provide food for their children, because they can't feed them on minimum wages.
- A single mother in Manitoba with two children, earning minimum wage, now needs to work more than 80 hours a week, every week of the year, to climb out of poverty.
- In 2005, her income will be less than 50% of Statistics Canada Low Income Cutoff (LICO). In real term dollars, she will earn $15,000 a year but in 2004 required $31,126 to meet basic family needs.
- Our recent minimum wage increase of 25 cents gave this mother an extra $10.00 per week, barely enough to deal with our ever increasing cost of living and yet another transit hike.
- More than 1 in 5 Manitoba children live in poverty, a level which is alarmingly high and the second highest in Canada. Almost 68% of these children live in low-income

households where family members worked, full time, for a whole year and in many cases worked at two or three jobs, just to put food on the table.

- The link between, poverty and its consequences, food insecurity and a pervasive vulnerability to a range of physical, mental and social health problems, have been well proven. The consequences for children are serious; they impact their ability to learn, to be healthy and to find jobs when they are older.

**Students**

According to the Statistics Canada data cited above, of the nearly 46,000 Manitoba workers earning minimum wage or near minimum wage, nearly 45% of them were students. Critics who are opposed to raising the minimum wage nearly always cite this figure as an indication that nearly half of minimum wage earners are living at home and are being supported by their parents and don't really need an increase. This is a gross distortion of reality.

Many students don't live at home. Some have parental responsibilities of their own to live up to. Some have the responsibility to earn a vital share of the family income. Some are responsible for part or all of their tuition costs. They need an adequate wage and too often that is determined by the Minimum Wage provisions of the Employment Standards Code.

Rising tuition costs have had a big impact on the need for students to combine work and studies, and in many areas of study – paid employment is needed to gain necessary experience and access to better jobs. As well, completing post-secondary education is of increasing importance for young people if they are to have any hope of a rewarding and satisfying career in the work world.

**Youth in Poverty**

One of the most disturbing aspects of Canadian society is the proliferation of organized crime in the form of long-standing criminal organizations being rejuvenated by the widening gap between rich and poor, and the emergence of new gangs populated by young people who have grown up in poverty. For some young people, it is difficult to resist the allure of a high income derived through illegal activity – particularly when the alternative is a minimum wage job with no future, no benefits and no pension.

One presenter painted a particularly bleak picture, relating that he was aware of cases where children as young as eight years old have been drawn to these sources of income. Jim Silver, University of Winnipeg Professor and past-Chair of the Board of Directors, Canadian Centre for Policy Alternatives, correctly points out that "only a good job can break the cycle of poverty" and provide a reasonable alternative to income gained through criminal activities. The ear-mark of a "good job" is good wages.

Increasing the minimum wage is one way to increase the number of "good jobs". The pay-off is substantial including, but certainly not limited to, reducing the reliance on welfare and an over-all improved quality-of-life for the working poor.

**What Should the Minimum Wage Be?**

To address the plight of the working poor detailed above, we believe that the minimum wage should be set at a level that, at the very least, enables our poorest paid workers to earn an income which gives them at least a modest share of the substantial economic rewards that we are fortunate enough to generate in Manitoba.

In our view, the appropriate minimum wage should sixty percent of the average weekly wage for Manitoba, as calculated by Statistics Canada. Historically, the minimum wage has been substantially below that level. In 1985, Manitoba Labour and Immigration reports that the minimum wage was 45% of the average weekly wage. In the 20 years since, it has hovered between 40.7% in 1993 and 44.1% in 1999. Today, it stands at 43.26% of average weekly wages.

Moving the minimum wage to 60% of today's average weekly wage of $16.35/hour (Avg. Jan to April 2005) would require an increase to $10.05/hour. However, in our view, a four year strategy should be adopted to move it to that level by April 1, 2009.

But setting that level is not enough. It is reliant on a mechanism that adjusts it on an annual basis to keep it at a satisfactory level.

As noted above, the government of Manitoba is to be commended for five straight years of, albeit modest, increases in the minimum wage. But the working poor cannot rely on hoping that progressive elected officials will be in power forever in Manitoba. That is why an annual adjustment must be enshrined in legislation and automatically triggered without any action necessary by a government.

To reach these goals, we propose:

**Recommendation 2 – The Government of Manitoba should:**

- **Increase the minimum wage in equal stages on an annual basis so that it is equal to 60% of the average weekly wage as it stands on April 1, 2009.**

- **Amend the Employment Standards Code to provide for an automatic adjustment every January 1st so that the minimum wage remains at 60% of the average weekly wage.**

Increasing the Minimum Wage in this fashion will provide a number of benefits. These include the fact that both workers and employers will know well in advance what adjustments will be made to the minimum wage, enabling both to do sensible financial planning. And further, increased spending power will benefit both workers and the provincial economy since most of the increase will re-enter the local financial stream almost immediately.

**Workers Not Covered by Minimum Wage Rules**

The minimum wage provisions of the Employment Standards Code do not apply to a number of classes of workers in Manitoba. This is not acceptable. The guiding principle that work performed should be work paid for can be applied to this consideration.

For that reason, we recommend:

**Recommendation 3 – The Government of Manitoba should:**

**Repeal the provisions contained in the Employment Standards Code Regulations which exclude the following classes of workers from receiving the minimum wage:**
**An employee who is employed**
**(a) in agriculture, fishing, fur farming or dairy**

**farming; or**
**(b) in the growing of horticultural or market garden products for sale.**

**An employee who is employed in a private family home, paid by a member of the family, and whose employment in the home consists of working as**
**(a) a domestic worker for not more than 24 hours in a week for the same employer;**
**(b) a sitter attending primarily to the needs of a member of the household who is a child; or**
**(c) a companion attending primarily to the needs of a member of the household who is aged, infirm or ill.**

**A salesperson, other than a route salesperson, who is**
**(i) remunerated in whole or in part by commission, and**
**(ii) engaged in soliciting orders, principally outside the employer's place of business, for goods or services to be later delivered or provided to the purchaser.**

**Conclusion**

The Employee Representatives on the Minimum Wage Review Board thank the Chair, Susan Rogers and the Employer Representatives, Bob Sparrow and Larry McLennan, for their participation in this review. We would also like to thank Glenda Segal, Manitoba Labour and Immigration, for her invaluable insight and dedicated support.

## Appendix B: Employer Representatives' Report

### Employers Submission to the Minimum Wage Review Board

The employer representatives wish to thank the Minister for the opportunity to serve on the Minimum Wage Review Board. We also thank and appreciate the contribution of the Employee Representatives, Mr. John Doyle and Ms. Joy Santos.

We have attempted to focus our efforts on those specific areas of greatest concern to employers while identifying the basic principles upon which our recommendations are based and a rationale for each.

We are confident that our recommendations represent the fairness and equity which employers seek not only for themselves but for their most important asset, their workers.

### 1) Principles

Minimum Wage is an important component of Manitoba's social policy to deal with poverty but it is not the panacea to eliminate that problem. Minimum wage is only one of a myriad of factors which impact on poverty and to overstate its value in that discussion is potentially harmful.

There are distinctions in the workforce which must be recognized before a truly effective minimum wage strategy can be established. The majority of minimum wage earners are not dependent on their employment income to provide them with the necessities of life. As well, many individuals in the workforce also receive additional compensation above their basic wage and whose hourly rate is not an accurate reflection of their total income.

Changes to the minimum wage level, which, if improperly applied, can negatively impact the overall costs of operating a business and can, subsequently have a negative impact on total employment. We recognize that there are conflicting studies on this issue but that conflict alone should be sufficient caution against large minimum wage increases.

Employers recognize the value and importance of a longer term, predictable strategy for increases to the minimum wage but are concerned that historically there is insufficient evidence of the true impacts of minimum wage increases.

Employers accept the position that a minimum wage has a role in the overall economic policy of the province but that the minimum wage strategy must reflect the concerns that employers have continually raised with respect to fairness, equity and distinctions within the workforce.

The most effective way to positively impact net income for low income wage earners is to modify the tax system by enriched tax credits or a lower tax threshold or a combination of both.

**2) Recommendations**

Based on these principles we are prepared to make the following recommendations for a four year strategy:

(1) Provide an incentive to employers to hire entry-level employees into the workforce. Individuals who consistently work less than 24 hours per week would not receive minimum wage increases above the current $7.25 per hour until such time as a reasonable differential is established. Our recommendation would be a 75 cent per hour differential in four years time. Employees who consistently work more than 24 hours per week would participate in any future minimum wage increases. However, an employee would have to work a minimum of 4 consecutive weeks above 24 hours per week or 500 hours total for one employer to move to the higher rate.

Rationale: Those individuals who are dependent on their employment for the necessities of life are more likely to work more than 24 hours per week and would participate in minimum wage increases. The creation of this level provides an incentive for employers to hire entry-level workers. At the same time, the separation between the levels is small enough not to encourage employers to seek only new employees in favour of the employees they have already successfully trained.

(2) That a category of workers who participate in tips be established and that no increase to the current minimum wage would occur for this category. At the conclusion of our four year proposal the base rate for tipped employees would be reviewed to determine if an adjustment to their hourly rate was necessary or appropriate.

Rationale: The total compensation from employment, including gratuities, is already well above minimum wage. There is no basis for increasing the minimum required level of pay for employees in this group. This penalty can have a needlessly detrimental effect on their overall operation of the employers business.

(3) We encourage the Manitoba government to take advantage of the four year plan to honor its commitment to the Manitoba Chamber of Commerce to have the Minimum Wage Review Board:

* collect data

* conduct research and seek public input as to the core issues in relation to Manitoba's minimum wage, including the definition of poverty, identification of the working poor, analysis of why those individuals are not participating in the advances of the economy, identification of the most effective ways to help them do so

* an analysis of the impact of previous minimum wage increases and the value of tax reforms.

Rationale: Employers support the concept of a multi-year plan but want to see a commitment to the appropriate research upon which to base future decisions.

Based on an acceptance of these recommendations, employers are prepared to accept a four year strategy for minimum wage increases as follows;

April 2006 – 25 cents per hour
April 2007 – 25 cents per hour
April 2008 – 15 cents per hour
April 2009 – 10 cents per hour

Rationale: Employers have a better opportunity to manage the larger increases in the short term particularly if there is acceptance of the provisions for part time (under 24 hours) and tipped employees categories. We are reluctant however, to make a similar large commitment to years 3 and 4 due to the uncertainty of market conditions that far removed. Recognizing however, that we are attempting to establish a better process for determining future minimum wage increases over the course of the next four years we do not feel it is unreasonable to recommend these more modest increases while that work is being completed.

**Final Comments**

In conclusion, the employer representatives, support the comments of John Goddard, in his paper, 'Canadian Minimum Wage Policies Reconsidered.'

"The critical question, however, may not be whether to have a minimum wage that meets a decent standard but rather how it is to be designed and how it can be contemplated by other social and labor policies. In this regard, the devil may be in the details. It is one thing to make the case for stronger minimum wage policies, and quite another to design these policies so as to ensure their effectiveness and to minimize any harmful economic effects."

It is the opinion of employers that it is reasonable to increase the minimum wage in a responsible manner for those individuals who truly benefit from the increase but it is equally important to minimize the negative impact for those who must bear the cost of that increase.

## Appendix C: Submissions from October-December 2004 Ministerial Consultations provided to the Minimum Wage Board in 2005

Brandon and District Labour Council
City of Brandon Poverty Committee
Sel Burrows
Canadian Centre for Policy Alternatives
Canadian Federation of Independent Business
Canadian Federation of Students
Canadian Labour Congress
Canadian Restaurant and Foodservices Association
Jorge Carmona-Ceron
Darryl Chornenki
John Collister
Communist Party of Canada – Manitoba
Community Education Development Association
Council of Women of Winnipeg
Paul Croft - PJ's Corner Rorketon
CUPE, Local 500
Carol Fournier Dicks
Kris Farmer
Denice Girdner
Mike Hammond
June Harris
Linda Hart
Louise Henry
Darren and Candace Hewins
Just Income Coalition
Ev Kehler
James Kostuchuk
Dale Kwamsoos
Manitoba Chambers of Commerce
Manitoba Federation of Labour
Manitoba Hotel Association
Manitoba Interfaith Immigration Council (Welcome Place)
Manitoba Restaurant Association
Manitoba Women's Advisory Council
Ross Martin
Sharon McCormack
Neepawa Restaurant
Oblate Justice and Peace Committee
Lori Opyc
Prairie Women's Health Centre of Excellence
Provincial Council of Women of Manitoba
Barb Reid – Neepawa Dairy Queen
Réseau action femmes
Retail Council of Canada
Gisèle Saurette Roch
St. Boniface/Norwood Resource Centre
St. Matthew's – Maryland Community Ministry
Town of Ste. Anne
Social Planning Council of Winnipeg
Iris Taylor
UN Platform for Action Committee (UNPAC)
Winnipeg Chamber of Commerce
Winnipeg Labour Council
Women's Health Clinic
Workers' Organizing Resource Centre
WOW Hospitality Concepts
Youth Employment Service

**Appendix D: Newspaper Advertisement and Letter to Stakeholders**

SHARE YOUR IDEAS

# What are your views

## *on Manitoba's minimum wage?*

The Minimum Wage Board of Manitoba is in the process of developing a four-year strategy for structuring Manitoba's minimum wage and wants to hear from you.

If you are a Manitoba employee, employer, organization, group or an interested individual who wants to share your ideas on the minimum wage strategy for 2006 to 2010, please contact the Board by phone, fax, e-mail or letter.

Submissions will be accepted until **June 30, 2005** and should be sent to:

**Board Secretary**
**Manitoba Minimum Wage Board**
614-401 York Avenue
Winnipeg, MB R3C OP8
**Phone (204) 945-4889**
(outside Winnipeg, please call collect)
**Fax: (204) 948-2085**
**E-mail: mw@gov.mb.ca**

The Board may also arrange for public hearings if demand warrants. Please notify the Board Secretary by **June 10, 2005** if you are interested in making a presentation.

*Minimum Wage Board*
*Susan Rogers, Chairperson*

Manitoba
*Building for the Future*

# MANITOBA MINIMUM WAGE BOARD

May 19, 2005

Last fall, you received a letter from the Honourable Nancy Allan, Minister of Labour and Immigration requesting your input on Manitoba's minimum wage. This spring, the Minister reconvened the Manitoba Minimum Wage Board and passed along to us all of the responses she received to her request.

The mandate our Board has been given is to develop a four year strategy (2006 – 2010) for structuring Manitoba's minimum wage. To that end, we are seeking views and comments from Manitoba employees, employers, organizations, groups and other interested individuals.

On behalf of the Board, I am writing both to keep you informed of this issue and also to encourage you to share your ideas with us, if you have not already done so in response to Minister Allan's request of last fall.

Currently, the attached advertisement is appearing in newspapers across the province. Please feel free to pass this information along to your colleagues, family and friends.

We are accepting submissions until June 30th, 2005 and the process and contact information is clearly laid out in the ad. Our report to the Minister is due in early September.

Thank you for your interest and any feedback you can provide.

Sincerely,

Susan Rogers
Chairperson
Manitoba Minimum Wage Board

Attachment

614-401 YORK AVENUE, WINNIPEG, MANITOBA R3C 0P8
TELEPHONE: (204) 945-4889 FAX: (204) 948-2085
E-MAIL: mw@gov.mb.ca

## Appendix E: References


Canadian Labour Congress, **Labour Standards for the 21st Century: Canadian Labour Congress Issues Paper on Part III of the *Canada Labour Code***, March 16, 2005

Centres of Excellence for Women's Health, **RESEARCH BULLETIN**, Volume 4, Number 2, Spring 2005

Godard, John, **Canadian Minimum Wage Policies Reconsidered**

Godard, John, **Towards a Just and Favourable Minimum Wage: A Matter of Design?**, 2001

Jackson, Andrew, **Better Educated, Badly Paid and Underemployed: A Statistical Picture of Young Workers in Canada,** Canadian Labour Congress, July 2005

McCracken, Molly, Dykman, Kate, Parent, Francine and Lopez, Ivy, **YOUNG WOMEN WORK-Community Economic Development to Reduce Women's Poverty and Improve Income**, Andrews Street Family Centre, Prairie Women's Health Centre of Excellence, SEED Winnipeg Inc., Wolseley Family Place, February 2005

McCracken, Molly and Watson, Gail, **Women Need Safe, Stable, Affordable Housing: A study of social, private and co-op housing in Winnipeg**, Prairie Women's Health Centre of Excellence, Gail Watson, Women's Health Clinic February 2004,

Nagy, Sasha, **Setting a new wage standard**, Globe and Mail, September 1, 2005

Nova Scotia Minimum Wage Review Committee, **Minimum Wage Review Committee Report & Recommendation**, March 2005

Saskatchewan Minimum Wage Board, **Report to the Minister of Labour on the Minimum Wage and Other Matters under Section 15 of *The Labour Standards Act***, April 2005

Saunders, Ron, **Defining Vulnerability in the Labour Market**, Canadian Policy Research Networks, Vulnerable Workers Series No. 1 Work Network, November 2003

Savarese, Josephine, **Exploring the Intersections between Women's Health and Poverty,** A Policy Paper for Prairie Women's Health Centre of Excellence, August 2003

Statistics Canada, **Employment, Earnings and Hours and Consumer Price Index data**

Statistics Canada, **Labour Force Survey special tabulations**, July 2005

Statistics Canada, **Low income cut-offs for 2004 and low income measures for 2002**, April 2005

Wiebe, Rhonda and Keirstead, Paula, **SURVIVING ON HOPE IS NOT ENOUGH – Women's Health, Poverty, Justice and Income Support in Manitoba**, Prairie Women's Health Centre of Excellence, March 2004

## Appendix F: List of Respondents/Submissions received June 2005

David Alper
Errol Black (Canadian Centre for Policy Alternatives) *
Janet Brady *
Jim Brand
Sel Burrows *
Canadian Federation of Independent Business
Canadian Restaurant and Foodservices Association
Terry Carels (Melita Town & Country Fine Foods) *
Gerald Carey
D. S. Chahar
Chris Christensen (South Eastern Manitoba Labour Council, Beausejour)
Josh Cordell *
Kelly Doerksen
Kim Fallis
Charlie Golletz
Richard Greer (Brandon Friendship Centre)
Randy Hodge
Don and Judy Hurd
Interlake Regional Health Authority Board
Just Income Coalition (Jean Altemeyer and Irene Rainey)
Just Income Coalition (Rev. Peter Flynn)
Bryce Kaminsky
Killarney seasonal business owner
Elliot Leven
Laird Lister (Dairy Queen/Orange Julius & Island Ink-Jet, Brandon)
Manitoba Chambers of Commerce
Manitoba Hotel Association
Manitoba Metis Federation
Manitoba Oblate Justice and Peace Committee
Manitoba Women's Advisory Council
Neepawa caller
David Albert Newman
John Olynick *
Shelley Overwater *
Prairie Women's Health Centre of Excellence (Margaret Haworth-Brockman) *
Provincial Council of Women of Manitoba
Mary Ritchie
Colleen Robbins (Robbins Fine Foods)
Jim Silver (Canadian Centre for Policy Alternatives)*
R. K. Skrafts
Social Planning Council of Winnipeg (Wayne Helgason)
Carol Unger
UN Platform for Action Committee Manitoba (UNPAC)
Glen Voth
Veronica Walsh
Winnipeg Chamber of Commerce
Winnipeg Harvest (Carol Ellerbeck)
Women's Health Clinic

---

* indicates a verbal presentation was made to the Minimum Wage Board (either by teleconference or in-person) on June 28, 2005.

## Appendix G:

**General Minimum Wage Rates in Canada (Highest to Lowest)**
**and**
**Announced Dates of Future Increases**

| | 2005 | 2006 | 2007 |
|---|---|---|---|
| Nunavut | $8.50 effective March 3/03 | | |
| Northwest Territories | $8.25 effective Dec.28/03 | | |
| British Columbia* | $8.00 effective Nov. 1/01 | | |
| Quebec* | $7.60 effective May 1/05 | | |
| Ontario* | $7.45 effective Feb. 1/05 | Feb. 1 $7.75 | Feb. 1 $8.00 |
| **Manitoba** | **$7.25 effective April 1/05** | | |
| Yukon Territory | $7.20 effective Oct. 1/98 | | |
| Saskatchewan | $7.05 effective Sept. 1/05 | Mar. 1 $7.55 | Mar. 1 $7.95 |
| Alberta | $7.00 effective Sept. 1/05 | | |
| Prince Edward Island | $6.80 effective Jan. 1/05 | | |
| Nova Scotia * | $6.80 effective Oct. 1/05 | April 1 $7.15 | |
| New Brunswick | $6.30 effective Jan. 1/05 | Jan. 1 $6.40 | Jan. 1 $6.60 |
| Newfoundland and Labrador | $6.25 effective June 1/05 | Jan. 1 $6.50<br>June 1 $6.75 | Jan. 1 $7.00 |
| Federal [1] | | | |

[1] The minimum wage rate applicable in regard to workers under federal jurisdiction is the general adult minimum wage rate of the province or territory where the work is performed.

* Some jurisdictions have different rates such as a lower rate for students, inexperienced workers, and/or employees receiving gratuities.